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News Release Dated: September 21, 2004

Arkansas Public Service Commission Advises Customers About Winter Gas Bills

The Arkansas Public Service Commission advises all natural gas utility customers to anticipate higher natural gas prices for the 2004 - 2005 heating season. Many analysts anticipate that the natural gas cost component of winter gas bills will continue to be higher than in previous years. For example in its Short-Term Energy Outlook released in September 2004, the Energy Information Administration indicated that it expected natural gas wellhead prices to be between \$5.96 to \$6.14 for the 2004 – 2005 heating season (approximately 20% higher than last year's forecast). The price of natural gas is affected by many factors including availability of supplies, economic activity and weather.

The Commission does not regulate or establish the market price for natural gas. The price of natural gas is determined in unregulated commodity markets. However, the natural gas commodity costs comprise 60% to 80% of gas bills during the heating season. Natural gas utilities in Arkansas recover gas costs from customers through a Purchased Gas Adjustment Clause (PGA) mechanism which appears as a line item on customer bills. There is not a mark-up or profit added to the cost of gas. The utilities only recover from customers the actual cost of the natural gas commodity and the cost of transporting that gas

from gas producing regions over interstate pipelines to the natural gas utilities. The costs recovered through the PGA mechanism are subject to Commission review and approval to ensure that the natural gas utilities gas purchases are prudent and consistent with the requirements of Arkansas law.

Based upon the anticipated prices of natural gas for the 2004 – 2005 heating season, a residential customer of CenterPoint Energy Arkla using 100 Ccf of gas per month during the winter heating season can expect a monthly gas bill of approximately \$107.14. Using the same gas price information, a residential customer of Arkansas Western Gas Company using 100 Ccf of gas per month during the winter heating season can expect a monthly gas bill of approximately \$102.03. A residential customer of Arkansas Oklahoma Gas Corporation using 100 Ccf of gas per month during the winter heating season can expect a monthly gas bill of approximately \$104.88 based upon the anticipated gas prices.

To prepare for the anticipated level of gas costs customers will likely experience during the 2004 - 2005 heating season, the Commission recommends that customers consider the following actions:

(1) Sign up for the average billing option as a means to avoid unexpectedly large natural gas bills this winter. Under the average billing option, your natural gas bill will not fluctuate significantly month to month. Call your local natural gas company to determine if average billing suits your needs. Your particular natural gas company can be contacted at the following telephone numbers: Arkansas Oklahoma Gas Corporation - 800-842-5690; Arkansas

Western Gas Company - 800-773-2113; CenterPoint Energy Arkla - 800-992-7552.

(2) Identify opportunities to conserve natural gas, such as turning down the thermostat at night and when a home will be empty for two or more hours. It takes less energy to warm up a cool house than it does to maintain a warm temperature all day or all night.

(3) Tune-up heating systems every two years to make sure they are running efficiently, and clean or replace filters every month during the heating season.

(3) Insulate attics, walls, ceilings and floors to improve efficiency and comfort. This will help to save energy and money by slowing the loss of heat to the outdoors.

(4) Seal air leaks to slow the rate at which cold air enters the home. Caulk windows, weatherstrip around door frames, close fireplace dampers when not in use and shut off heat to unused rooms.

For any questions concerning this release, please contact Mr. John P. Bethel, Executive Director, at 501-682-1794 or Mr. Robert Booth, Manager of the Gas and Water Section, at 501-682-5685.

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